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DEPARTMENT FOR WHA KIRSTEN MADISON; WHA/CEN; SOUTHCOM ALSO
FOR POLAD; NSC FOR DAN FISK

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TAGS: [PGOV](#) [PREL](#)

SUBJECT: THE RULING PRD: THE CANAL REFERENDUM AND BEYOND

Classified By: DCM LUIS ARREAGA FOR REASON 1.4 (d)

Summary

¶1. (C) The Panama Canal expansion referendum will have political implications for the Torrijos administration far beyond the tangible impact of the project itself. President Torrijos confronts the referendum from an uncertain position in his Democratic Revolutionary Party (PRD) and with vocal opposition from opposition parties and labor unions. PRD contacts have told EMBOFFs that Torrijos will use a successful referendum to bolster his position within the PRD ahead of the internal party elections in 2007 and the party primary in 2008 to select the presidential candidate for ¶2009. Some observers believe that the referendum and subsequent canal expansion project could propel Torrijos - who will be in his early fifties when he departs office - into the PRD's king-maker position for years to come. End summary.

Growing Disillusionment with the Torrijos Administration

¶2. (C) More than a vote on expanding the Panama Canal, the October 22 poll is a referendum on the Torrijos Administration. Embassy interlocutors including Vice President of the Democratic Change Party Roberto Henriquez, explain that many Panamanians will vote for the referendum based on what they think of the Torrijos administration, with little consideration of the issue at hand. President Martin Torrijos has banked his entire administration on this expansion plan, and the outcome of the vote will determine the course of the rest of his administration as well as the immediate future of his Democratic Revolutionary Party (PRD). The referendum comes two years into an administration in which political gains have been accompanied with vocal opposition and great political cost. Torrijos recognizes the significance of this initiative for his administration, but has been criticized for his management of the project by supporters and opponents of the referendum.

¶3. (C) Opponents of the Canal referendum including former Social Security Fund Director General Juan Jovane and Solidarity Party Secretary General Ricky Fabrega generally tell EMBOFFs that distrust of the GOP is the primary reason they oppose the expansion project. Several traditional PRD supporters, including two PRD legislators, recently expressed

a more general concern to POLTDYer about a lack of democratic governance under the Torrijos administration. PRD Deputy and incoming legislative majority leader Leandro Avila told POLTDYer that Panama had a "democratic dictatorship" because it was personality driven and clientalistic. He said that Torrijos did not rely on his advisors to make policy decisions, but rather listened exclusively to his inner circle consisting of VP and FM Samuel Lewis, Minister of the Presidency Ubaldo Real, and Carlos Santiago, a personal friend with no official position. PRD CEN board member Samuel Buitrago said that Torrijos made decisions based on how he was doing in the most recent polls, rather than turning to his advisors. Buitrago and Avila said that Torrijos was fairly weak within the party and that he would lose the vote in the PRD CEN for party presidency if it were held soon. PRD Deputy Miguel Aleman and Avila further pointed out that Panamanian deputies were required to vote along party lines. Avila said that the legislators are expected to blindly pass legislation coming from the Executive. He further warned POLTDYer that an "imperfect democracy" in Panama created space for leftist politicians to gain momentum. GOP critics such as Jovane have expressed concern to EMBOFFs over the degree of control the PRD maintains over all branches of government and the weak and disorganized state of the opposition parties.

Torrijos Looking to Consolidate Control

14. (C) A successful Canal referendum is an opportunity for Torrijos to quell critics and solidify his leadership in the PRD ahead of the 2007 internal elections and 2008 party primaries. Torrijos has long touted the Canal expansion project as a panacea for Panama but has failed to articulate an agenda beyond the referendum. Torrijos may look to a "yes" vote as a mandate to increase his control over the party ahead of internal party elections scheduled for 2007 and the party primary in 2008. PRD insiders speculate various ways that Torrijos could cement his control over the next two years. PRD Deputy Miguel Aleman told POLTDYer of rumors that Torrijos could use a successful Canal referendum as grounds to seek his own reelection through a separate referendum. Buitrago and Avila, meanwhile, told POLTDYer that Torrijos could push the 2007 internal PRD elections to 2008 to coincide with the PRD party primaries in order to gain time, strengthen his support within the party, and minimize the influence of former President Ernesto Perez Balladares.

15. (C) Political insiders say that Torrijos' goal is to retain control of the PRD CEN for the remainder of his administration in order to influence the selection of the party's next presidential candidate. He will have to compete with the political ambitions of former President Ernesto Perez Balladares and with uncertain support from the CEN members. Buitrago told EMBOFFs that the CEN was fairly weak and that Torrijos preferred to host bilateral meetings with CEN members because the President would lose the votes if he put decisions to the full CEN. Perez Balladares would use a seat on the board to either launch his own presidential campaign, or to back a candidate of his choosing - leaving Torrijos with little control over the party's future.

Comment

16. (C) Should the referendum fail - no referendum has ever succeeded since Panama's return to democracy - Torrijos would be a lame duck for the next three years and the PRD would lose significant political clout. If the referendum succeeds - most political insiders believe it will by a narrow margin - Torrijos would face key party votes in 2007 and 2008 from a stronger position, but would still have to contend with internal party critics.

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